

MINUTES

HOUSING TRUST FUND SELECTION COMMITTEE

Thursday, September 2, 2021 – 2:00 PM

City Hall Council Chambers

Members Present: Gary Daniel, City Council Member
Maurice Jones, City Council Member (left at 2:30 pm)
Jim Fatland, City Manager/Finance Director
Paul Ray, Planning Director
Tommy Kilgore, Citizen Member
Victor Foster, Citizen Member

Absent: Christopher Strassner, Planning Board Chair

Staff Present: Denise Hodsdon, Executive Assistant

Guests: Annelise Hagedorn, Sunnyside Properties
Rich DeJong, Brevard Tiny House Company

A. Welcome and Call to Order

Gary Daniel welcomed everyone and called the meeting to order at 2:00 PM.

B. Certification of Quorum

Quorum was certified by Executive Assistant Denise Hodsdon.

C. Approval of Minutes of the June 23, 2021 Meeting

Motion by Mr. Jones, seconded by Mr. Kilgore to approve the minutes of the June 23, 2021 minutes as presented. The motion carried unanimously

D. Potential Affordable Housing Project

Mr. Ray explained that Annelise Hagedorn and her father Rich DeJong are proposing to build a 2-bedroom house with a 1-bedroom accessory dwelling on a residential lot on North Lane. They plan to provide these homes as affordable housing rental units for two families. They are requesting that the City waive water and sewer tap fees to help facilitate these affordable housing units. The City Attorney has drafted a proposed agreement that would make it legal for the City to waive those fees (copy attached).

Ms. Hagedorn made a presentation to the committee explaining the proposed

project and one that they have previously done on Hemphill Circle. A copy of the presentation is attached.

Ms. Hagedorn explained that the units on Hemphill Circle were built in 2018 and are both 1-bedroom, 1-bath units which they have been renting for \$600 per month. Mr. DeJong said that they wanted to do something to help with the affordable housing crisis and decided to do their first project as an experiment and the results have turned out great for them and for the people who have rented from them.

For their proposed project, they plan to build a 2-bedroom, 1-bath unit and the accessory unit will be a studio with 1 bathroom. The Department of Housing and Urban Development defines "affordable housing" as housing that costs no more than 30% of a household's monthly gross income, including utilities. Based on these calculations, they plan to rent the 2-bedroom unit for \$800 and the studio for \$600 per month in exchange for the City waiving its water and sewer tap fees to reduce the upfront costs at the time of construction. The value of the four taps would be \$5500 and in exchange for that support, they are willing to enter into a contract with the City to guarantee affordable rents for a period of time and are proposing a term of one year, but Ms. Hagedorn said they are open to negotiating that term. She said they hope to offer the affordable housing rates forever, but don't necessarily want to be bound by a contract.

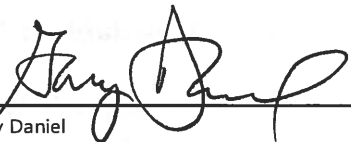
During discussion of the project and review of the proposed agreement prepared by the City Attorney, everyone agreed that a 3-year contract term would be reasonable. Motion by Mr. Kilgore, seconded by Mr. Ray to make recommendation to City Council to approve the agreement to waive sewer and tap fees with a guaranteed period of three years. The motion carried unanimously.

E. Set Date for Next Meeting

It was decided the committee would meet again when needed.

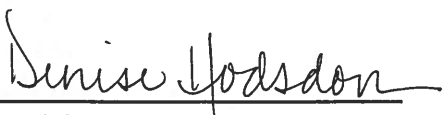
F. Adjourn

There being no further business, the meeting adjourned at 2:48 P.M.

X 

Gary Daniel
City Council Member

Minutes Approved: November 16, 2021

X 

Denise Hodsdon
Executive Assistant

AGREEMENT

This Agreement is entered into by and between _____ (herein after, "Developer") and the CITY OF BREVARD (herein after, "the City"), on this _____ day of _____, 20__.

WHEREAS, the Developer owns of record certain real property located in Transylvania County, North Carolina, having PIN Number _____ and the address of _____;

WHEREAS, the Developer intends on building affordable housing in the City of Brevard; and,

WHEREAS, affordable housing is defined as being housing set aside for the exclusive use of persons of low or moderate income defined as persons in households which, adjusted for family size, is not more than eighty percent (80%) of the Average Family Median Income (AMFI) for Transylvania County, North Carolina as adjusted periodically; and,

WHEREAS, the City is willing to waive ___ water tap fees and ___ sewer tap fees having a value up to _____ dollars to facilitate the construction of said affordable housing provided the Developer agrees to set aside this property for a period of at least ___ years; and,

WHEREAS, the City is authorized by North Carolina General Statute 160D-1316(1) to enter into agreements to facilitate the construction of affordable housing.

NOW, THEREFORE, in exchange for a good and valuable consideration the receipt of which is hereby acknowledged:

1. The Developer shall provide housing exclusively for persons of low or moderate income as defined above on the property being developed. The dwellings shall be fully constructed within one year following the date of waiver of the fees herein.
2. The City shall waive the fees for _____ water taps and _____ sewer taps up to a total value of _____ dollars.
3. Developer guarantees the housing will serve low or moderate income persons as that term is defined above for a period of _____ years. In the event this guarantee is breached, the Developer shall reimburse the City for the full amount waived plus interest at eighteen percent (18%) per annum plus costs of recovering this sum.
4. This Agreement binds the parties, their successors and assigns forever.
5. The only proper venue for any lawsuit regarding any aspect of this Agreement is Transylvania County, North Carolina. North Carolina law shall control the construction of this Agreement.

Witness our hands and seals, the date first above written.

DEVELOPER:

By: _____(Seal)
President

CITY OF BREVARD:

By: _____
Jim Fatland, City Manager

State of North Carolina

County of Transylvania

I, _____, a Notary Public the above stated state and county, hereby certify that on this day, the foregoing instrument was produced to me in Transylvania County, North Carolina, and Jim Fatland, City Manager for the City of Brevard, personally appeared and executed and acknowledged the foregoing instrument as the act, word and deed of the said corporation; and that he is known to me and is known to me to be the person described in the foregoing instrument.

WITNESS my hand and official stamp or seal, this the _____ day of _____ 2021.

Notary Public

My Commission Expires: _____

h:\city\contracts\brevard music center indemnification and hold harmless agreement



Presentation to Housing Trust Fund Committee

Sunnyside Properties: Dr. Annelise Hagedorn
Brevard Tiny House Company: Rich DeJong



Why?

Experience:

Built (2018) and renting two 1 bedroom, 1 bathroom units for \$600 each (below 80% AMI rent) on Hemphill Circle.

Impact:

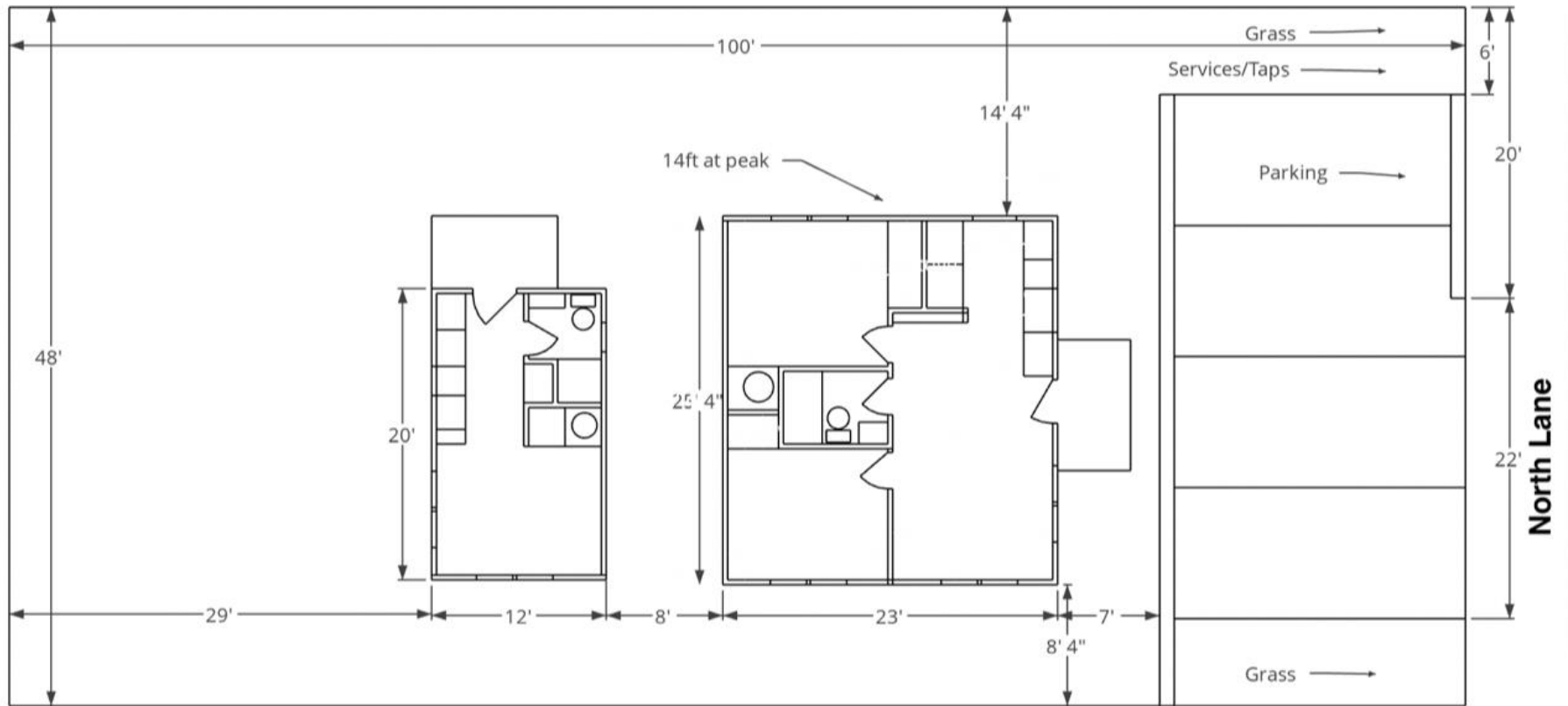
This is not *the* solution to the affordable housing crisis in Brevard, but is *one of many* creative ways to make a difference for those renters.

Proposed Project

- 2 units on a small lot on North Lane
- Unit 1: 2 bedroom, 1 bathroom
- Unit 2: (the ADU) Studio with 1 bathroom



Proposed Project



What will it look like?

- Cute: fits the lot and neighborhood
- Livable: efficient floorplan, natural light



Proposed Plan

- Rent each unit using this calculation:
 - 80% AMI (Area Median Income)
 - Housing cost is 30% of this number
 - Final rent is that number minus utilities
 - Rough estimates based on HUD data: \$800 and \$600 per month

Proposed City Support

- Water and Sewer Tap fees waived (4 taps: about \$5500)
 - Important for reducing upfront costs
- Any other cost reductions (waive zoning permit fee, tax incentives, system development fees, etc.)
- In exchange for support, we are willing to enter a contract to guarantee affordable rent for a period of time.
 - Based on \$5500 fee waiver, we could see a 1 year contract
 - (Fee waiver divided by difference between market and affordable rental rate)

Contract Calculations

- Market rate monthly rent estimates: \$1200 and \$1000
- Affordable rent estimates: \$800 and \$600
- Difference: $\$400 + \$400 = \$800$
- Waiver of $\$5500/\$800 =$ offsetting 6.9 months

(We are willing to commit to one year)

While the waiver is a valuable contribution to upfront costs during the build, the magnitude of unaffordability in our area doesn't buy a long contract.

We plan to offer both units at the affordable rate well beyond the scope of the contract.

Thank You

Contract details

- Applicant Screening
 - We feel our job is to provide affordable rent, not to be liable for renters' income.
- AMFI (Average Median Family Income) vs AMI (Area Median Income)
 - HUD has Median Family Income